

INDOT Prequalification: Information for Local Governments



INDOT Prequalification: Info for Locals

Who gets Prequalified?

- Contractors
 - Highway Construction Trades
- Consultants
 - Professional Services
 - Engineering: Traffic, Roadway, Hydraulics, Geotechnical, Construction, and Bridges
 - Environmental Services
 - Real Estate Services



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What is Contractor Prequalification?

- In-depth analysis of a contractor's current capabilities and readiness to proceed work on a construction contract
 - Financial position
 - Project history, equipment, personnel experience, and certifications
- Establishes aggregate bidding capacity
- Evaluated yearly



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Why is this important to Locals?

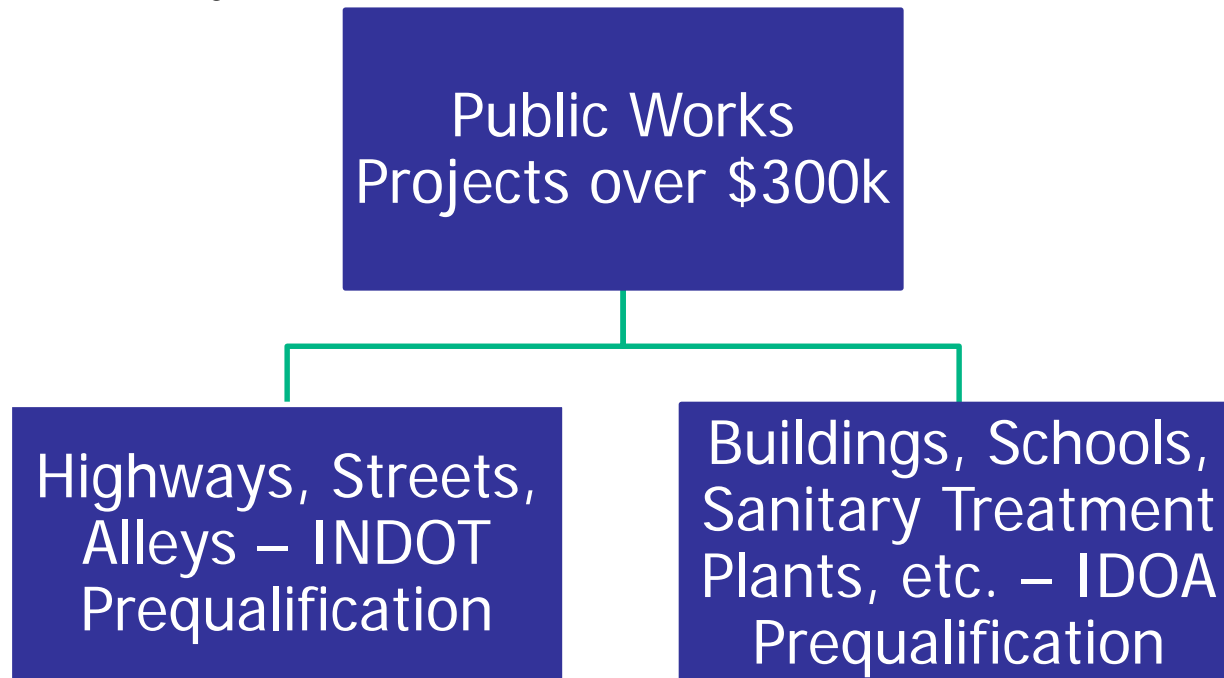
- Indiana Code 8-23-10-0.5
- A contractor must be prequalified with INDOT before doing any work on a public works project that is the construction, improvement, alteration, repair, or maintenance of a road, highway, street, or alley. This applies to a public works project awarded after December 31, 2016.
- However, this does not apply if the project is less than \$300,000 and the local unit follows IC 36-1-12 (local government public works project laws).



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Legal Background

- General Public Works Project Qualification IC 5-16-13-10
 - INDOT - Highway, street, or alley (IC 8-23-10)
 - Indiana Department of Administration (IDOA) – All other Public Works Projects (IC 4-13.6-4)



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The Prequalification Process: General

- INDOT Prequalification Division manages the pool of qualified contractors (~500 contractors)
- Nearly 80% of those applications are processed March through June
- Per IC 8-23-10, the division has 30 days to act on the application.



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The Prequalification Process: Timeline

- Expedited?
 - NO. State Law!
 - Priority is given only under one circumstance: contract award.
- Per 105 IAC 11-2-1, to be eligible to submit a bid, the application must be received at least 15 days for renewals, or 21 days for new applicants.

Letting Date	Renewal Deadline	New Deadline
3/14/2018	2/27/2018	2/21/2018
4/11/2018	3/27/2018	3/21/2018
5/10/2018	4/25/2018	4/19/2018
7/11/2018	6/26/2018	6/20/2018



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The Prequalification Process: Specialist Review

- Application completeness
- Verify FEIN and legal name
- Tax clearance checks with Department of Revenue (DOR) and Department of Workforce Development (DWD)
- Verify registration and standing with the Indiana Secretary of the State



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The Prequalification Process: Auditor Review

- Financial Statement Type
 - Self-certified – Good
 - CPA Review – Better
 - CPA Audit – Best
- Bidding Capacity is limited by the type of financial statement submitted

Statement Type	Cost to Contractor	Risk Level to State	Max. Bidding Capacity
Self-Certified	\$	High	\$200,000
CPA Review	\$\$	Medium	\$1,000,000
CPA Audit	\$\$\$	Low	Unlimited

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The Prequalification Process: Auditor Review Cont.

- Analyze assets and liabilities reported
 - Assets
 - Current Assets
 - Receivables from complete and incomplete contracts
 - Underbillings
 - Inventory
 - Must provide details
 - Stocks, bonds, and securities
 - Equipment
 - Real estate
 - Must be in the company's name



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The Prequalification Process: Auditor Review Cont.

- Analyze assets and liabilities reported
 - Liabilities
 - Notes payable and other long-term liabilities
 - Amount due within 12 months
 - Amount due between 12 months and 24 months
 - Amount due beyond 24 months
 - Accounts payable
 - Overbillings
 - Taxes



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The Prequalification Process: Auditor Review Cont.

- Financial Analysis Philosophy and Goal
 - Ultra-conservative accounting to protect the State (and you!)
 - Cash is king
 - Higher weight given to net current assets and working capital
 - Contractor must have the liquidity to cover their costs before they ever get paid
 - Set bidding Capacity



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The Prequalification Process: Analyst Review

- Project Experience
 - Contract defaults, bidding crimes, and performance on completed INDOT contracts
- Work types (27 major – 86 specialty) – List online
 - Relevant projects completed with dollar amount of self-performed work
 - Construction equipment list and lease agreements
 - Key personnel résumés
 - Certifications and licenses
 - IMSA – Traffic Signals
 - SSPC – Bridge Painting
 - IDEM – Asbestos Abatement
 - IDHS – Blasting
 - INDOT Geotech – Drilled Foundations



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The Prequalification Process: Final Product

- Certificate of Qualification
 - Contractor name
 - Valid Date
 - Expiration Date
 - Total Bidding Capacity (Aggregate)
 - Unearned work limit
 - Work types with corresponding capacities



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The Prequalification Process: Ex. Certificate

Certificate of Qualification	
ISSUED BY	
Indiana Department of Transportation	
INDIANAPOLIS, IN	February 8, 2018
TO	
CALCAR PAVING INC	PAOLI, IN
<p>who has filed with the Department a Contractor's Statement of Experience and Financial Condition as required under Indiana Code 8-23-10, is hereby qualified to bid at any Department of Transportation letting in Classes of Work and within the amount and other limitation of each classification as listed below, for such period as the uncompleted work on hand from all sources does not exceed the Aggregate amount. Classification references by name or symbol are in accordance with the definitions in the Contractor's Statement of Experience and Financial Condition. This certificate supersedes any certificate previously issued, but is subject to revision or revocation according to the law, if and when changes in the financial condition of the contracting firm or other facts justify such revision or revocation.</p>	
Valid March 1, 2018 Thru February 28, 2019	
AGGREGATE	\$24,025,000
B(A) ASPHALT PVT/WINDOT CERTIFIED HMA PLANT	\$24,025,000
C(B) LIGHT GRADING	\$1,000,000
D(A) HIGHWAY OR RAILROAD BRIDGE OVER WATER	\$500,000
D(B) HIGHWAY OR RAILROAD BRIDGE OVER HIGHWAY	\$500,000
E(E) SMALL STRUCTURES AND DRAINAGE ITEMS	\$1,000,000



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How is this useful?

- Contract Letting Process
 - Receive bids from:
 - Experienced contractors
 - Well-equipped contractors
 - Contractors with sufficient output capacity
 - Ex. High Friction Surface Treatment
 - Financially stable contractors



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What else should I be thinking about?

- How to best utilize INDOT Prequalification?
 - Use the right work types to filter for the right contractors
 - Give contractors sufficient time
 - Consider the advertisement period
 - INDOT doesn't require a valid certificate to consider a bid
 - Applications must be received 15 or 21 days prior to a letting
 - Compare Certificate bidding capacities to bid amount and current unearned work.



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Important Links

- [INDOT Contractor Prequalification webpage](#)
- [Rules for Prequalification of Contractors and Bidding](#)
(105 Indiana Administrative Code (IAC) 11)
- [Prequalification Work Type Classification Codes](#)
- [List of Prequalified Contractors](#)
- [Contractors Statement of Experience and Financial Condition](#) (prequalification application)



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Questions?

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Consultant Prequalification Manual Revisions

- 5.0 Environmental Services Group
 - 5.11 ESA Screenings Phase I and Phase II, Remedial Design is eliminated
 - 5.13 ESA Screenings Phase I added
 - 5.14 ESA Screenings Phase II and Further Site Investigation/Corrective Action added
- 7.0 Geotechnical Engineering Services Group
 - 7.1 Geotechnical Engineering Services is eliminated
 - 7.2 Geotechnical Engineering Services is added
 - 7.3 Geotechnical Laboratory Facilities is added
 - 7.4 Geotechnical Drilling Operations is added
 - 7.5 Geotechnical Construction Monitoring Services is added



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Consultant Prequalification Manual Revisions

- 8.0 Road Design Group
 - 8.3 Roundabout Design is added
- 16.0 Utility Coordination Group
 - 16.1 Utility Coordination is added
- 17.0 Hydraulic Engineering Group
 - 17.1 Drainage Design for Driveway Permits is added
 - 17.2 Storm Sewer and Detention Design is added
 - 17.3 Small Structure and Pipe Hydraulics Design is added
 - 17.4 Bridge Hydraulic Design is added
- 18.0 Pavement Design Group
 - 18.1 Pavement Design added



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Consultant Prequalification Manual Revisions

- Revisions are to be sent to ACEC and FHWA for comment and review
- Publication Goal is May 1, 2018
- Effective Goal is August 1, 2018
 - 3 month minimum window for processing influx of applications before RFPs using new work types are due
 - Do not put off submitting a modification application.

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